

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COLUMBINE TELEPHONE)	
COMPANY (DBA TETON TELECOM))	CASE NO. COL-T-03-2
OBJECTION TO ITS ANNUAL REGULATORY)	
FEE FOR CALENDAR YEAR 2003.)	NOTICE OF OBJECTION
)	
)	ORDER NO. 29245
)	

On May 12, 2003, Columbine Telephone Company, Inc. (dba Teton Telecom) filed a timely objection to its annual regulatory fee for calendar year 2003. Columbine serves approximately 4,000 customers in eastern Idaho and Wyoming. In its objection, Columbine stated that it had over-reported its gross Idaho intrastate operating revenue for calendar year 2002. Instead of reporting its gross Idaho intrastate operating revenue, the Company explained that it inadvertently included revenues from its Wyoming operations and federal sources in its revenue report to the Commission. Consequently, Columbine maintains that it has over-reported its gross Idaho intrastate revenues by more than \$2,182,791.73. Objection at 1. Pursuant to *Idaho Code* § 61-1007, the Commission initiates this case to examine the Company's objection.

BACKGROUND***A. The Commission's Regulatory Fee***

The Commission's operating funds are derived by assessing regulatory fees upon utilities and railroads subject to the Commission's jurisdiction. Each year, the Legislature authorizes the Commission to expend funds necessary to regulate and supervise utilities and railroads. *Idaho Code* §§ 61-1002 and 62-611. *Idaho Code* § 61-1003 provides that on or before April 1 of each year, each utility corporation shall report its gross operating revenues from its intrastate utility in Idaho for the proceeding calendar year. After all the utilities have reported their total intrastate revenues, this cumulative amount is divided by the Commission's utility appropriation to calculate the annual assessment rate. For example, for fiscal year 2004 (July 1, 2003 through June 30, 2004), the expenditure amount attributed to regulating utilities is \$4,433,100. Order No. 29228. The utilities reported gross intrastate operating revenues totaling

\$1,721,246,413 for calendar year 2002. Thus, the proportionate share of each utility's regulatory fee is calculated by multiplying the assessment rate of .2384 percent times its gross operating revenues. *Id.* The maximum assessment fee for each utility shall not exceed three-tenths of 1 percent (0.3%) of its gross intrastate revenues, and the minimum fee shall be no less than \$50.00. *Idaho Code* § 61-1004.

Once the utility assessment is determined, the Commission notifies each utility of its regulatory fee no later than May 1 of each year. The regulatory fee may be paid to the Commission in equal semi-annual installments due May 15 and November 15. *Idaho Code* § 61-1005. Any utility may object to its regulatory fee "on or before the time specified for payment of the first installment of the assessment made against it." *Idaho Code* § 61-1007.

B. Columbine's Objection

As mentioned above, Columbine asserts that it over-reported its gross operating revenue for calendar year 2002. In its certification dated March 6, 2003, Columbine (dba Teton Telecom) reported that its Idaho gross intrastate operating revenue for the calendar year 2002 was \$4,145,315.31. Columbine now alleges that this amount inadvertently included \$202,663.73 in operating revenue that was generated in Wyoming and \$1,980,128 received from the federal Universal Service Fund to support its intrastate operations. With these "corrections" Columbine reports that its gross Idaho operating revenue for 2002 was \$1,962,523.58. On May 16, 2003, Columbine submitted a check in the amount of \$4,500 for its 2003 regulatory fee.

DISCUSSION

The Commission's fee assessment statutes contemplate that a utility's objection to its regulatory fee "shall proceed" on an expedited basis. *Idaho Code* § 61-1007 requires that the Commission hold a hearing regarding the fee objection within 20 days of the date the objection is filed with the Commission. Moreover, the Commission shall make and issue its findings and Order within 20 days after the hearing. Consequently, it is the Commission's intent to expeditiously review Columbine's objection.

In this case, Columbine alleges that it misreported its Idaho intrastate operating revenues. When a similar objection was made last year, the Commission directed that the Staff conduct an audit of the railroad's revenues to verify the correct amount of intrastate operating revenue. *See* Order No. 29045 (Case No. SMR-R-02-1). Consequently, we direct the Commission Staff to expeditiously conduct an audit to verify the reported revenues of

Columbine. Once the Staff has completed its audit, the audit findings will be provided to Columbine for its review. The Staff shall undertake and complete its audit as soon as possible.

If the utility agrees with the results of the Staff's audit, the parties shall apprise the Commission of their agreement concerning the amount of gross Idaho intrastate operating revenues for calendar year 2002. If the parties cannot reach an agreement, then the Commission will schedule an expedited hearing in this matter. The purpose of the hearing (if necessary) will be to present evidence regarding the appropriate amount of gross Idaho intrastate operating revenue for Columbine Telephone Company in calendar year 2002.

The Commission has jurisdiction over this matter under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-1007. The Commission may enter any final Order consistent with its authority under Title 61.


ORDER


IT IS HEREBY ORDERED that the Commission initiates this proceeding based upon Columbine Telephone Company's objection to its 2003 regulatory assessment.

IT IS FURTHER ORDERED that the Staff initiate an expedited audit of the utility for purposes of determining Columbine's gross Idaho intrastate operating revenue for calendar year 2002.

IT IS FURTHER ORDERED that if the Staff and Columbine are unable to agree on the appropriate intrastate revenue amount, then this matter shall be set for hearing.

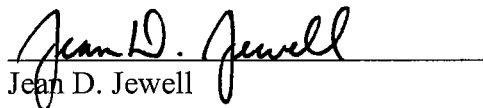
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd
day of May 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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